



NSPS for Army Senior Leaders

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Purpose

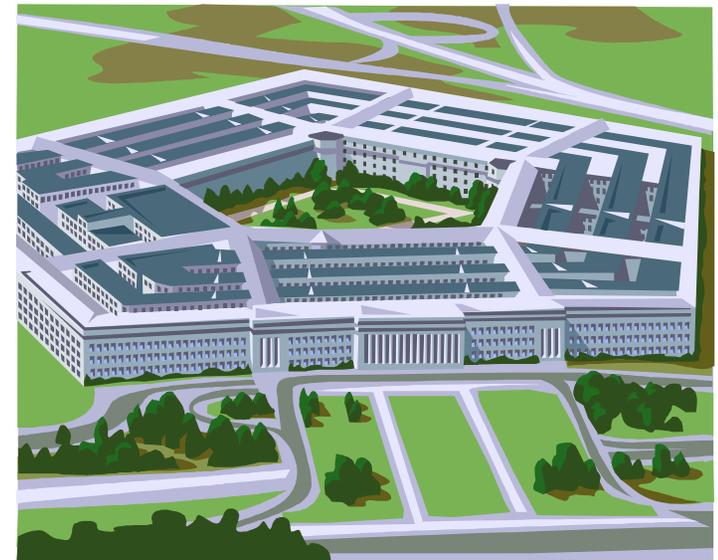
**Provide Senior Leaders an overview
of NSPS**



Background

Congress authorized NSPS

- Part of the fiscal 2004 National Defense Authorization Act
- Designed specifically to meet National Defense needs
- Increases effectiveness through simplified personnel management system





Bottom Line Up Front

- **Mission oriented**
- **Focus on results**
- **Values performance over longevity**
- **Rewards contributions**
- **Promotes excellence**



NSPS Goals

Results

To attract and retain top talent
To promote high performance

Accountability

Employee
Supervisor
Leadership

Flexibility

To respond to mission changes
To realign, reorganize, and reshape the workforce
To assign work
To set pay



NSPS Does **Not** Change

- Merit system principles
- Rules against prohibited personnel practices
- Whistleblower protection
- Veterans' preference
- EEO/antidiscrimination laws
- Benefits (retirement, health, life, etc.)
- Fundamental due process
- Allowances and travel/subsistence expenses
- Training
- Leave and work schedules
- Other personnel systems in law
- Lab demo organizations (until FY 08)
- Incentive awards



Current Status

- Spiral 1.1 activities converted to NSPS on 30 Apr 06
- Spiral 1.2 D activities converted to NSPS on 12 Nov 06
- Test of NSPS processes and procedures
- Will be closely monitored by DoD and Components
- 27 Feb 2006 Court Decision enjoined DoD from implementing Labor Relations, Adverse Actions and Appeals
- Proposed Schedule
 - Spiral 1.2 H - 21 Jan 2007
 - Spiral 1.3 – Mar/Apr 2007
 - Spiral 2 – October 2007
 - Spiral 3 – October 2008



Spiral 1.2 Rollout

- Conversion window
 - Oct 06 – Jan 07
- 66,500+ employees
 - Non-Bargaining
 - GS/GM, Acq Demo
 - CONUS and OCONUS



Spiral 1.2 - Army

Organization/Activity Name	Major Locations/Bases	Total
US Army Military District of Washington	DC, VA	67
US Army Medical Command (CHPPM)	Aberdeen, MD	539
Office of the Assistant Secretary Army	Germany, Korea, VA, TX, KY, MD	6,604
US Army Surface Deployment & Dist Cmd	VA, NC, NJ, CA	204
US Army Forces Command	GA, VA, TX, MD	492
US Army Materiel Command	AL, TX, VA, DC, MD, NJ	1,720
US Army South	TX	164
US Army Corps of Engineers	AL, VA, TX, MD	4,497
US Army Training and Doctrine Command (AMSC)	Fort Belvoir, VA	86
Totals		14,373



NSPS Major Design Elements

- Streamlined Position Classification
 - Fewer, more generic position descriptions
 - Broad career groups
 - More flexibility in making/changing work assignments
- Hiring and Placement – More Flexibility
 - New hiring authorities tailored to DoD needs
 - Non-competitive career progression within pay band
 - Managers may set pay based on market conditions
- Compensation
 - Pay bands will replace GS grades and steps
 - Movement through pay band based on performance



NSPS Major Design Elements cont.

- New Reduction in Force Procedures
 - Emphasis on performance over seniority
 - Veterans preference preserved
 - More flexibility in defining competitive area
- Pay for Performance
 - Performance expectations linked to organizational mission goals
 - **Ongoing communication essential**
 - Greater recognition of superior performance/less pay for poor performance
- NSPS provides new flexibilities to manage work force
 - Decision-makers must understand how flexibilities can be exercised to drive individual performance and organizational goals
 - Managers make more decisions on hiring processes, incentives, compensation and work force shaping
- Places greater emphasis on the role of leaders, managers and supervisors



Performance Management: Old vs. New

Old (TAPES)

- Ratings based on performance objectives
- Many performance cycles
- Rating scale 1 (top) to 5 (bottom)
- Most employee ratings are level 1 (Army: 81% were level 1 in FY05)
- 120 day minimum rating period
- Senior rater approves ratings

New (NSPS)

- Ratings based on **job objectives**
- **One** cycle (1 Oct – 30 Sep)
- Rating scale 5 (top) to 1 (bottom)
- Most employee ratings are anticipated to be **level 3** (valued performer)
- **90 day** minimum rating period
- **Pay Pool Manager** approves ratings



Promotion - Movement of an employee from one pay band to a higher pay band

Reassignment - Movement of an employee to a different position or set of duties in the same or a comparable pay band on a permanent or temporary/time-limited basis (may be voluntary or involuntary)

Reduction in Band - Movement of an employee from one pay band to a lower pay band (may be voluntary or involuntary)



Flexible Pay Setting

- New Hires  Pay Band Minimum to GS-Grade 30%
- Promotions  Increase 6% – 20%
- Voluntary Reassignment or Reduction in Band  Increase Up to 5%
- Management-Directed Reassignment  Increase Up to 5%
- Involuntary Reassignment or Reduction in Band  Decrease Up to 10%
- Expiration/Termination of Temporary Reassignment  Re-Set to Previous Pay Level

Command Decision



Conversion to NSPS

- No loss in pay
- Initially converted to appropriate career group, occupational code, pay schedule and pay band based on permanent position of record (occupation, current and target grade, supervisory status and salary amount)
- Conversion occurs through automated process
- Some will convert to new Position Requirement Documents (PRDs) which replace current position descriptions (PDs)
- Others will convert on their existing PDs which will require minor updates (from old pay plan & grade to new) BUT no changes to contents/ format



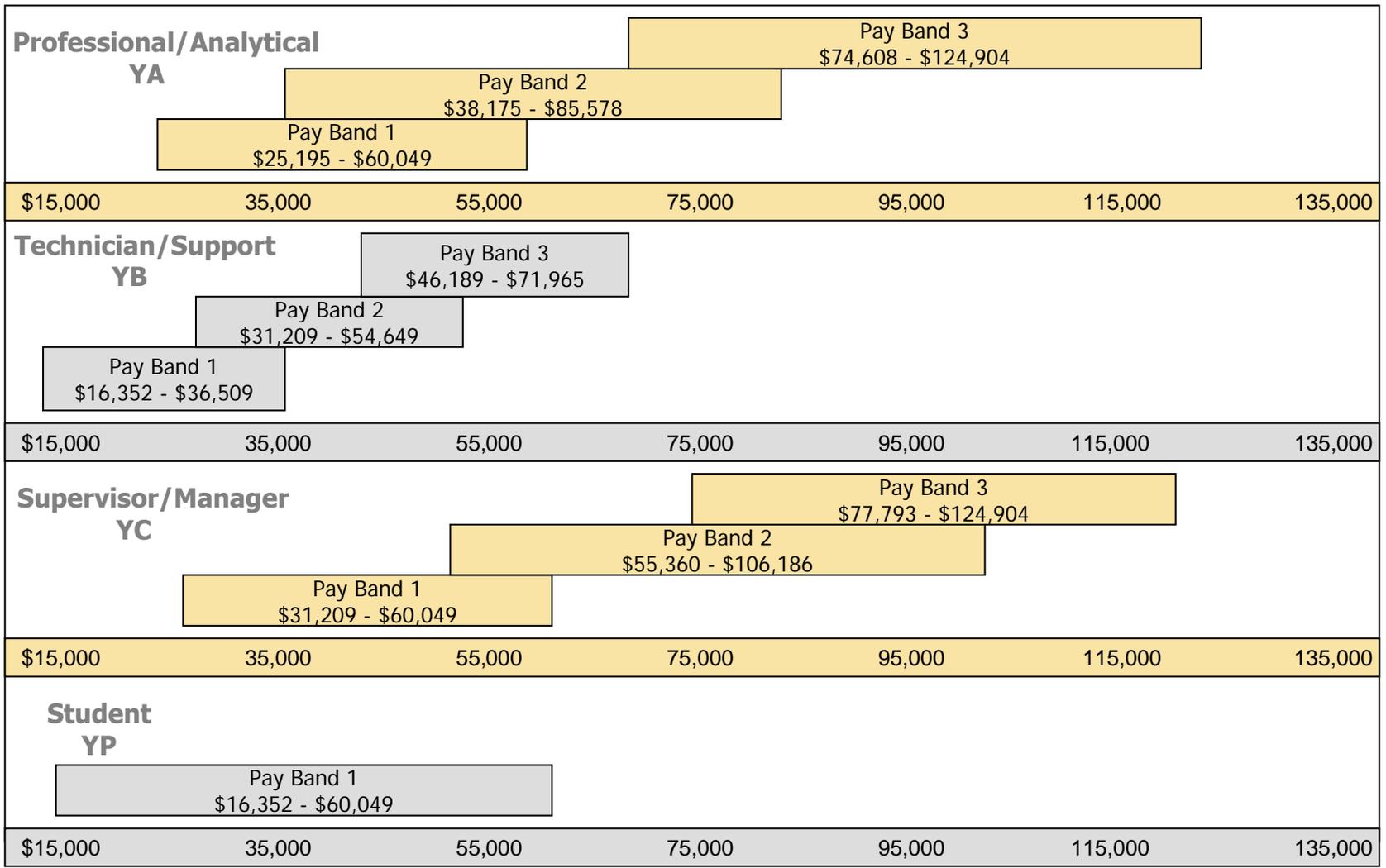
Career Groups/Pay Schedules

<p style="text-align: center;">STANDARD</p> <ul style="list-style-type: none"> • Professional/Analytical (YA) • Tech/Support (YB) • Supervisor/Manager (YC) • Student Employment (YP)* <p>71% of DoD workforce</p>	<p style="text-align: center;">ENGINEERING & SCIENTIFIC</p> <p>Professional (YD)</p> <ul style="list-style-type: none"> • Tech/Support (YE) • Supervisor/Manager (YF) <p>18% of DoD workforce</p>
<p style="text-align: center;">MEDICAL</p> <p>Physician/Dentist (YG)</p> <ul style="list-style-type: none"> • Professional (YH) • Tech/Support (YI) • Supervisor/Manager (YJ) <p>5% of DoD workforce</p>	<p style="text-align: center;">INVESTIGATIVE & PROTECTIVE SERVICES</p> <ul style="list-style-type: none"> • Investigative (YK) • Fire Protection (YL) • Police/Guard (YM) • Supervisor/Manager (YN) <p>6% of DoD workforce</p>

*Student Employment (YP) covers all 4 groups.



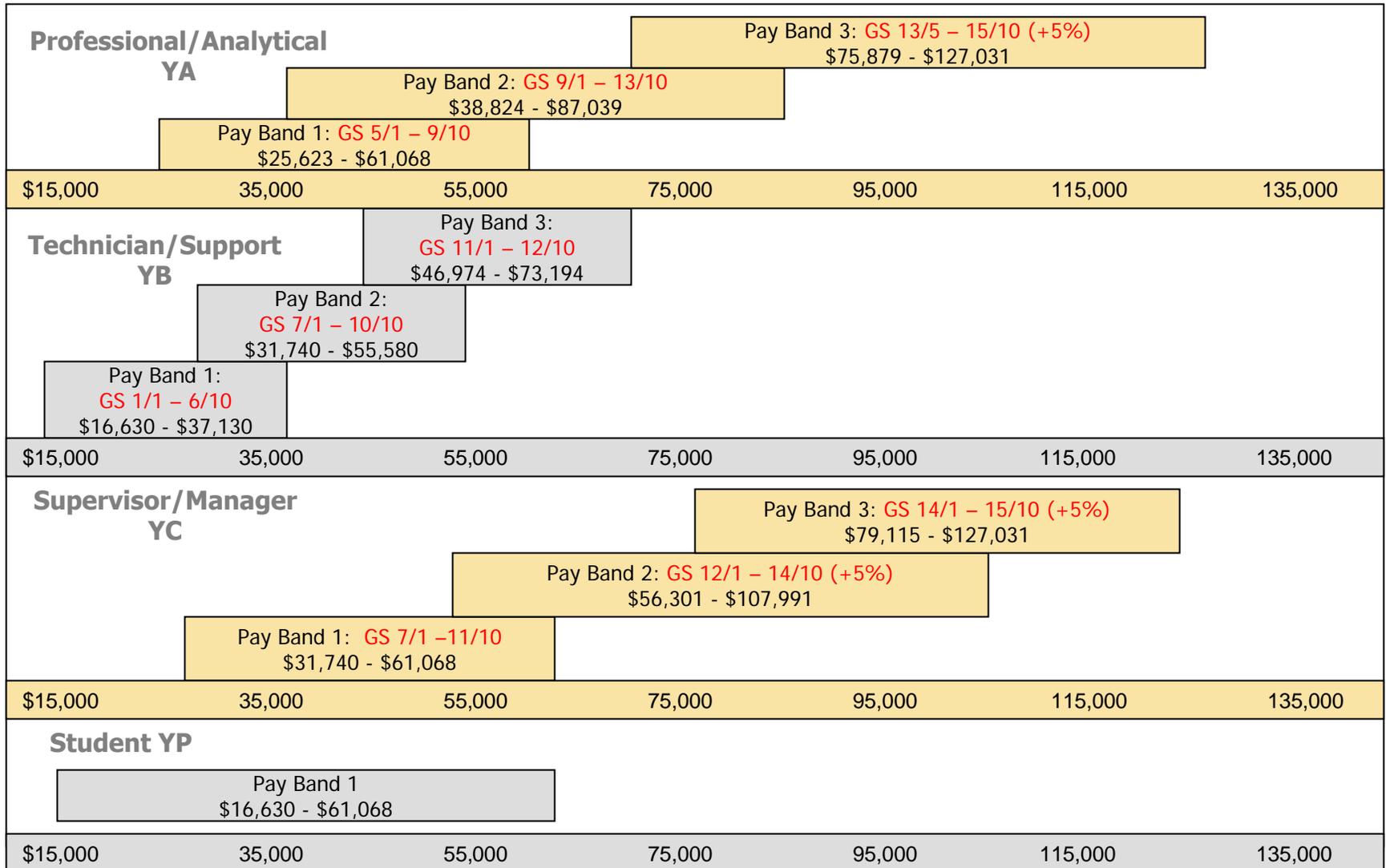
Standard Career Group



This pay chart reflects 2006 base salary only.



Standard Career Group



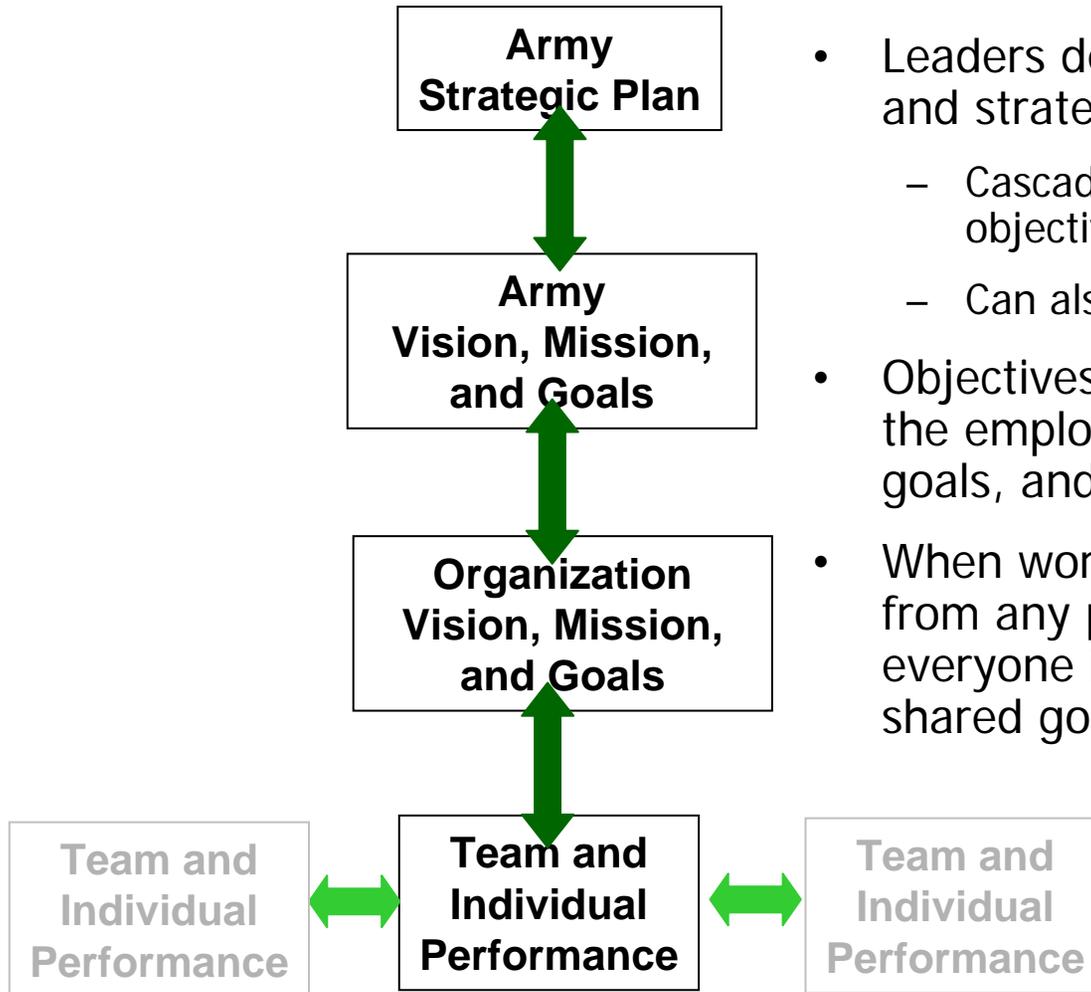


SUSTAINING YOUR WORKFORCE





Aligning Work to Mission



- Leaders define the organization's mission and strategic goals
 - Cascaded to the work unit and employee objectives
 - Can also align work horizontally
- Objectives draw a line of sight between the employee's work, the work unit's goals, and the organization's success
- When work is aligned to the mission, from any perspective you choose, everyone is working together towards shared goals



Job Objectives

- Capture performance expectations
- Provide platform by which employees are rated
- Identify major work that needs to be accomplished
- Align with organizational goals and the DoD mission

When communicating job objectives to employees, supervisors need to fully explain the relationship between an employee's accomplishments and achieving organizational goals



Job Objectives = “What”

- Written jointly by employee and supervisor
- Provided at the beginning of the rating period
- At least one objective for each employee; usually 3-5
- Communicate specific individual, team, or organizational responsibilities and expected contributions with related outcomes and accomplishments
- Draw a line of sight between the employee’s work, the work unit’s goals, and the organization’s success
- Results-oriented and mission-focused
- Appropriate for current salary and pay band
- Written in the “SMART” framework



SMART Objectives

S - Specific

- Specific regarding the result (not the activities to achieve that result)

M - Measurable

- Quantity, time, quality, resources

A - Aligned

- Objectives link employee's work, work unit's goal, and organization's mission

R – Realistic and Relevant

- Realistic: Can be accomplished with the resources, personnel, and time
- Relevant: Are important to the employee and to the organization

T - Timed

- When the objective will start, or when it will be completed



Performance Appraisal Application

Automated tool that will aid in:

- Creating performance plans
- Capturing the recommended rating levels
- Capturing the overall rating of each employee



Part of the Defense Civilian Personnel Data System
(DCPDS)

- Accessible to employees and supervisors
- Accessed via My Workplace (supervisor/manager) or MyBiz (employee)



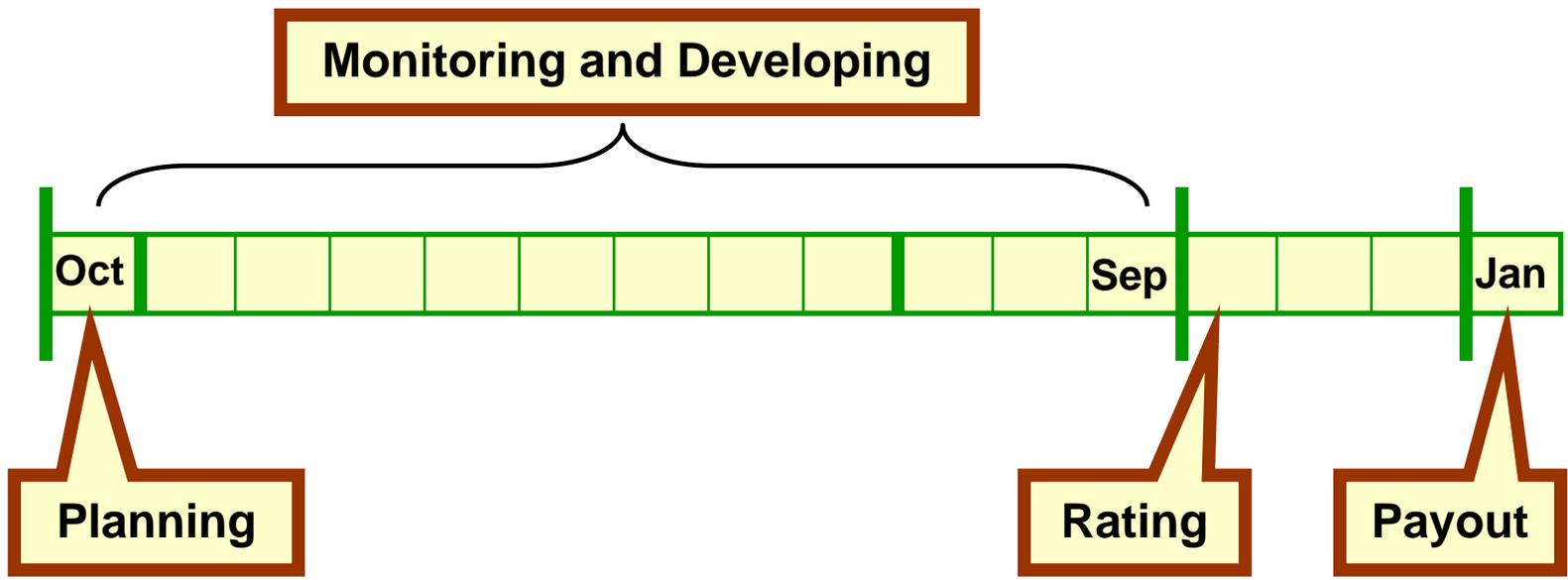
Practical Exercise

Practical Exercise



Performance Cycle

The NSPS Timeline: 1 Oct-30 Sep*



- A 12-month performance cycle
- A 16-month process

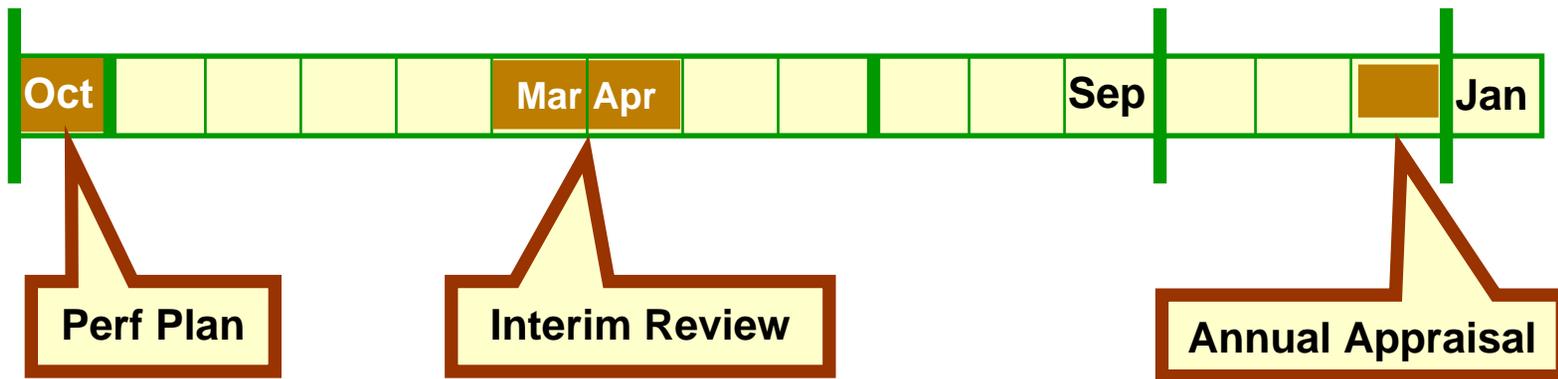
* End state model – will vary during conversion



Performance Conversations

Three documented performance conversations required:

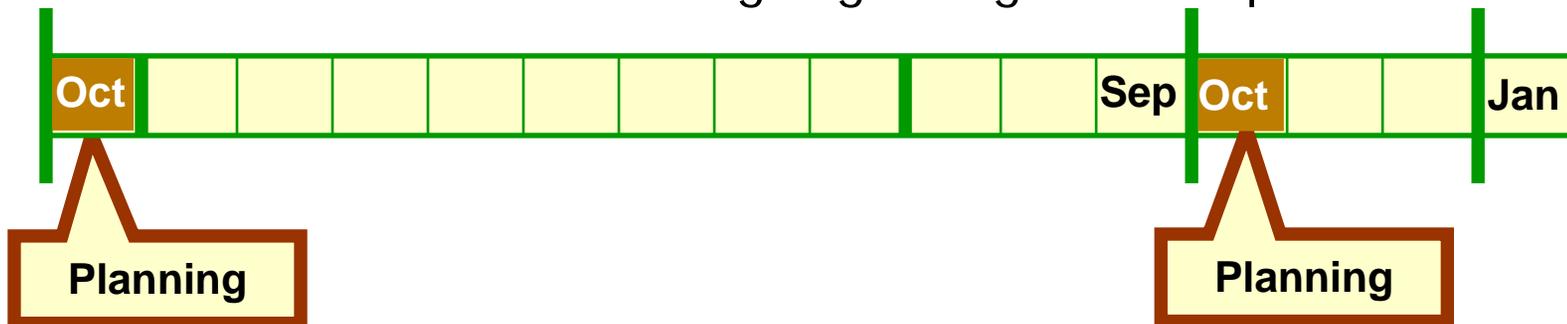
- Performance Plan: establish expectations & job objectives
- Interim Review: check and adjust employee performance
- Annual Appraisal: share ratings, shares & payout





Performance Planning

- Establish expectations
- Establish a written performance plan:
 - Identify and discuss objectives
 - Select contributing factors
 - Establish weighting
- Requires higher-level approval
- Identify developmental needs
- Provide a basis for ongoing dialogue about performance





Roles: Who's Involved?

Employee	Keeps track of accomplishments, provides information to rating official, assists in establishing job objectives.
Rating Official	Immediate supervisor. Establishes job objectives and performance expectations, monitors performance, rates employees, recommends rating, shares, and distribution to second level reviewer and pay pool panel.
Higher Level Reviewer	Manager above supervisor. Reviews and approves performance plans. Adds bullet comments and addresses employee potential during annual appraisal. Reviews and adjusts recommended ratings, shares, and distribution from rating official(s).
Pay Pool Panel	Comprised of managers who review and recommend final ratings, shares, and distributions ("reconciliation") to the pay pool manager.
Pay Pool Manager	Senior manager who makes final decisions on all ratings, shares, and distributions. Appoints pay pool panel members and makes certification decisions.
Performance Review Authority*	Higher level review body that oversees several pay pools, establishes pay pool funding levels, and looks into employee requests for reconsideration.

***PRA makes final decisions on ratings, shares/distributions across pay pools**



Rating Levels

Standard rating levels used in DoD

Rating Level	Level of Performance	Performance Description
Level 5	Role Model	Almost always meets the standards described by the Role Model benchmarks
Level 4	Exceeds Expectations	Almost always meets the standards described by the Valued Performance benchmarks and, typically, but less than almost always meets the standards described by the Role Model benchmarks
Level 3	Valued Performance	Almost always meets the standards described by the Valued Performance benchmarks
Level 2	Fair	Almost always meets the Valued Performance benchmarks, but only as a result of guidance and assistance considerably above that expected at the Valued Performance level
Level 1	Unsuccessful	Performs below Level 2, or fails a Standard Performance Factor in the performance of a single assignment where such failure has a significant negative impact on accomplishment of the mission or where a single failure to perform could result in death, injury, breach of security, or great monetary loss



Reward Eligibility

Performance Rating	Employees are eligible to receive:
5	<ul style="list-style-type: none">• Performance based pay• Rate range adjustments• Local market supplement increases
4	
3	
2	<ul style="list-style-type: none">• Rate range adjustments• Local market supplement increases
1	<ul style="list-style-type: none">• No increases



Rounding to Determining the Recommended Rating

- Weight the adjusted ratings and total them
- Round the result as shown below:

Average Rating Range	Rating of Record	Rating of Record Descriptor
4.51 to 5.00	5	Role Model
3.51 to 4.50	4	Exceeds Expectations
2.51 to 3.50	3	Valued Performer
2.00 to 2.50	2	Fair
1 on any objective	1	Unacceptable

- Result is the recommended rating



Share Ranges

- Shares in the pay pool are awarded as shown in the table:

Rating Level	Share Range
5	5 or 6
4	3 or 4
3	1 or 2
2	0
1	0

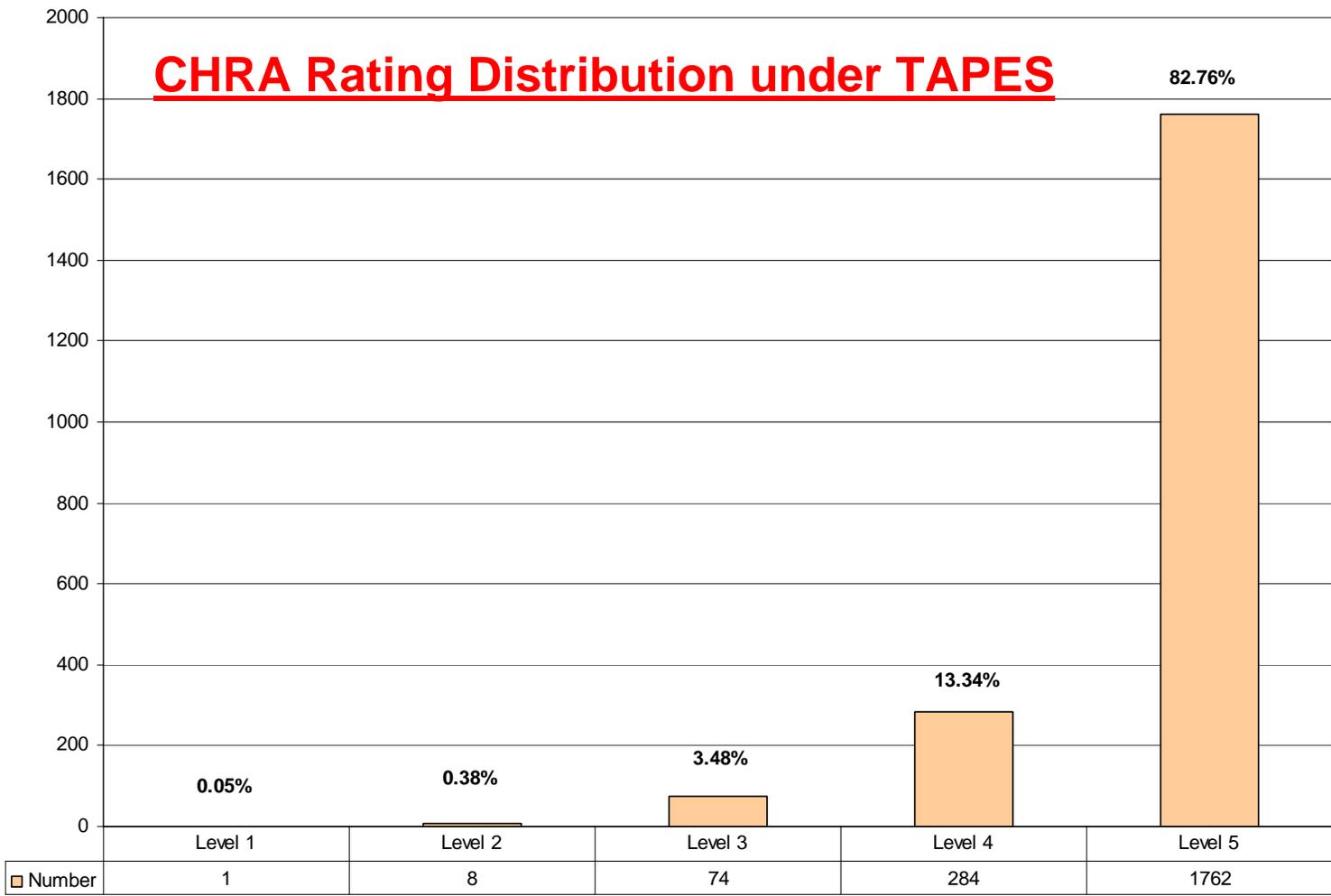
- Share ranges allow further distinction between levels of contribution
- Estimated value of a share reflects a percentage of salary
- Actual share value not known until Pay Pool Panel finishes

**The more shares assigned within the pay pool,
the less the value of each share**



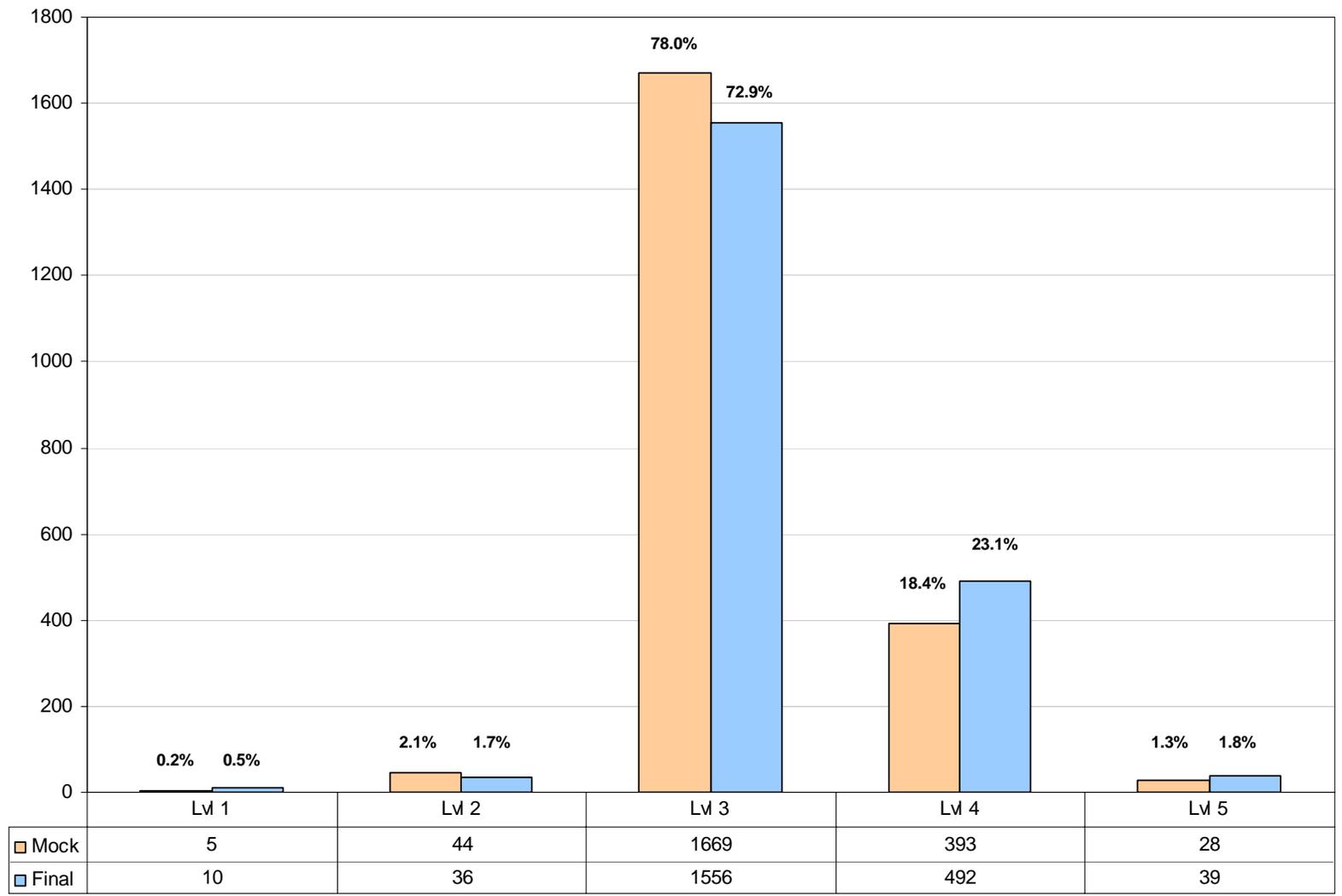
Lessons Learned: Performance Management

CHRA Rating Distribution under TAPES





CHRA Rating Distribution: Mock vs. Final





Pay Pool Basics

Command Decision

- What is a pay pool?
 1. Employees who share in distribution of a pay-for-performance fund
 2. The actual pool of money that funds performance payouts
- How are membership and boundaries of a pay pool determined?
 - By organizational structure
 - By similar lines of occupations or jobs
 - By geographical location
 - By organizational mission
 - Other considerations: pay bands, career groups, etc.
 - Army guidance: size should range from 35 to 300
- Pay pools will be structured differently in different organizations



Pay Pool Basics, con't

- How is a pay pool funded?
 - The equivalent amount of the members' projected WGIs, QSIs, annual pay adjustments, promotions, and performance awards
- What does the pay pool panel do?
 - Ensures equity and consistency in the rating and payout determinations by recommending rating and payout adjustments for final approval by the Pay Pool Manager
- What is the management structure of the pay pool?
 - The Performance Review Authority (PRA)
 - The Pay Pool Manager (PPM)
 - The Pay Pool Panel



Pay Pools: Army Guidance

- Pay pool structures may be redefined each cycle
- All pay pool officials/raters will be management officials
- Sub-pay pools may be considered when size exceeds 150
- Separate pools may be created for supervisors



SC 1940.11



Reconsiderations

Employees can challenge:

Their rating

Employees cannot challenge:

Performance payout

Number of shares

Value of shares

Distribution of payout





Training





Army Transition Managers (TMs)

- MACOM and Activity TM's will:
 - Develop, monitor and manage deployment
 - Form Transition Support Team
 - Engage HR/Management leadership
 - Execute and monitor Readiness Checklist
 - ✓ Identify and apply Lessons Learned
 - Distribute/Develop Communications
 - Market/Plan Training



Training The Workforce

- Training is the key element to successful implementation
- Blended approach
 - Classroom Training
 - Distance learning/Web-based
- Key topics
 - Performance Management
 - Classification
 - Staffing/Workforce Shaping
 - Compensation
 - Pay Pool Management

Promote a culture that focuses on results, values performance, rewards contributions, and promotes excellence



NSPS Training Requirements

Target Audience	Training Required
NSPS Instructors	<ul style="list-style-type: none"> • NSPS Train the Trainer (T3) Training in the course(s) to be taught
All Employees	<ul style="list-style-type: none"> • NSPS Workforce Overview or other equivalent introduction to NSPS • NSPS 101 – prerequisite for all training (online) • Performance Management for Employees • HR System Elements for Managers/Supervisors and Employees
Managers/Supervisors (Rating Officials)	<ul style="list-style-type: none"> • NSPS 101 – prerequisite for all training (online) • Performance Management for Managers/Supervisors • HR System Elements for Managers/Supervisors and Employees • Labor Relations Training (when available)
Senior Leaders (SES members and General Officers)	<ul style="list-style-type: none"> • NSPS Senior Leader Forum or equivalent introduction to NSPS
Pay Pool Managers and Pay Pool Panel Members	<ul style="list-style-type: none"> • Pay Pool Management Course
HR Practitioners (and EEO Specialists)	<ul style="list-style-type: none"> • HR Elements for HR Practitioners • Training in Labor Relations, Adverse Actions and Appeals (when available)



Additional Resources

- Your strategic partner - Civilian Personal Advisory Center
- CHRA NSPS website: <http://www.chra.army.mil/>
- Army NSPS website: <http://cpol.army.mil/library/general/nsps/>
 - Contains latest Army information
- DoD's NSPS website:
<http://www.cpms.osd.mil/nsps/>
 - Contains implementing issuances / on line training / other materials





LEADERSHIP CHALLENGES





Leadership Challenges

- Establishing the environment
- Communicating with workforce
- Making pre-conversion decisions
- Applying new flexibilities
- Developing compensation philosophy
- Determining pay pool structure and business rules
- Reaping benefits of lessons learned



Establishing Environment

- Leader sets the tone
 - Demonstrate understanding and support for NSPS
 - Encourage dialogue
 - Ensure all employees are trained
 - Emphasize accountability at all levels
 - Assure equity
- Leader addresses cultural change
 - Mission centered/results driven performance system
 - Performance drives pay rather than longevity
 - Most employees are Valued Performers (Level 3)
 - Performance has greater impact on personnel decisions



Establishing Environment

- Leader ensures clear communication on:
 - Vision, mission and values
 - Organizational goals
 - Employee impact on mission accomplishment
 - Expectations
- Leader establishes an environment that:
 - Motivates and inspires employees and supervisors
 - Promotes high performance
 - Reinforces continual development and learning
 - Supports employee efforts to improve



Lessons Learned

- **First year is the hardest, steep learning curve**
 - **Involving and empowering supervisors is critical – they set the tone**
 - **Training and communication are key**
 - **Transition planning reduces risk**
- **Results take time**
 - **Good performers will perform better**
 - **Overall workforce satisfaction will improve**
 - **Organization performance will improve**



Lessons Learned

- Challenges:
 - Employees resistance for a pay-for-performance system
 - acceptance must be earned
 - Some poor performers will leave
 - use new tools to drive performance improvement
 - Fewer exceptional ratings overall
 - employees will have questions and concerns
 - Managers must articulate rationale for ratings
 - Requires ongoing, honest, two way communication about performance



What We Need You To Do!

- You must
 - Take the lead
 - Communicate with employees often; demonstrate your support for NSPS
 - Ease the transition; ensure work force is trained in NSPS
 - Empower managers, supervisors and employees to own their roles in driving success
 - Provide an open environment that supports employees through the transition



Commanders / Directors are crucial to success

- CPAC serves as strategic partner
 - HR community is prepared to advise, consult & assist
- NSPS provides corporate and individual agility
- Significant changes will concern the workforce
- Training is a critical part of implementation



CONTACTS

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Questions





BACKUP SLIDES



Compensation Overview

SECDEF Decisions (Outside Pay Pool)

- Rate-Range Adjustments (to base pay)
- Local-Market Supplement (LMS)

Performance-Based Pay (Inside Pay Pool)

- WGIs
 - QSIs
 - Promotions
 - Annual Bonuses
 - Portion of General Pay Increase (GPI)
- Money historically spent

Incentive Awards (Outside Scope of NSPS)

- Special Act
- On-the-Spot
- Time Off



Weighting Objectives

- Army requires that job objectives be weighted
- Weight is established at the start of the performance cycle – when the objectives are established and contributing factors identified
- Rules
 - No objective can be weighted less than 10 percent
 - Total weight must equal 100 percent
 - Weights must be in 5-percent intervals
 - If an objective is not rated (NR), the weight of that objective must be re-distributed among the other objectives



What are Performance Indicators?

- Descriptions of levels or thresholds of employee performance.
- Applied in the rating of job objectives
- Standardized across the DoD
- Arranged by Pay Schedule (Professional / Analytical, Technician / Support, Supervisory) and Pay Band
- Benchmarks defined at Level 3 and Level 5 performance



Performance Indicator Example

Performance Indicators Professional / Analytical Pay Schedule (non-supervisory) - Pay Band 2	
Level 3	Level 5 (<i>Additions at this level</i>)
<ul style="list-style-type: none">Effectively achieved the stated objective, anticipating and overcoming significant obstacles. Adapts established methods and procedures when needed.Results were technically sound, accurate, thorough, documented, and met applicable authorities, standards, policies, procedures and guidelines.Planned, organized prioritized, and scheduled own work activities to deliver the objective in a timely and effective manner, making adjustments to respond to changing situations and anticipating and overcoming difficult obstacles as necessary.Demonstrated high standards of personal and professional conduct and represented the organization or work unit effectively.	<ul style="list-style-type: none">Contributed results beyond what was expected; results were far superior in quality, quantity, and/or impact to the stated objective to what would be expected at this level.Exhibited the highest standards of professionalism.



Rating Levels for Job Objectives

5	Employee exceeded the assigned job objective at a level of performance equal to, or above, the Level 5 performance indicator.
4	Employee exceeded the assigned job objective at a level of performance above the Level 3 indicator, but below the Level 5 performance indicator.
3	Employee met the assigned job objective at a level of performance equal to the Level 3 indicator.
2	Employee met the assigned job objective at a level of performance below the Level 3 Performance indicator or needed guidance and assistance beyond that described in the Level 3 indicator.
1	Employee failed to achieve the assigned job objective or failed in the performance of a single assignment where such failure had a significant negative impact on accomplishment of the mission or where a single failure resulted in or could result in death, injury, breach of security, or great monetary loss.
NR	Employee did not have an opportunity to perform the job objective because it became obsolete or could not be accomplished due to extenuating circumstances. Weight of non-rated objective is re-distributed among the other objectives.



Contributing Factors = "How"

- Selected for each job objective
- Attributes of job performance that are significant to the accomplishment of individual job objectives
- Further defined by "work behaviors" and "benchmark descriptors"
- Standard across DoD
- Described at the "expected" and "enhanced" level

- Technical Proficiency
- Critical Thinking
- Cooperation and Teamwork
- Communication
- Customer Focus
- Resource Management
- Leadership



Contributing Factors Benchmark Example

Technical Proficiency Contributing Factor Professional and Analytical Pay Schedule - Pay Band 2	
Expected	Enhanced (Additions at this level)
<ul style="list-style-type: none"> • Applies substantive knowledge and skills (including use of appropriate technology or tools) to independently perform a full range of assignments, including moderately complex work activities; seeks occasional guidance as appropriate. • Acquires, develops, and maintains relevant job skills through a variety of methods. • Stays up-to-date in professional/technical specialties and applies this knowledge to improve own performance and contribute to work unit performance. • Demonstrates a thorough understanding of the organization's mission, functions, values, applicable policies and procedures, and internal and external factors that affect the organization; seeks out opportunities to use this knowledge constructively to contribute to organizational objectives and priorities. 	<ul style="list-style-type: none"> • Applies depth and breadth of knowledge to independently perform well on the most complex or varied assignments at this level. • Takes initiative to improve technical knowledge and skills through a variety of self-directed development activities, resulting in an increased ability to contribute to the mission. • Is frequently consulted by others because of depth and/or breadth of understanding of the organization and the internal and external factors that affect it; seeks out and capitalizes on opportunities to use this knowledge to contribute to organizational goals and outcomes.



Requirements for Selecting Contributing Factors

- Intentional choice
- Tied to objective rather than employee
- At least one for each objective
- Usually no more than three for each objective
- “Leadership” must be selected for the supervisory job objective



Contributing Factors' Effect on Rating

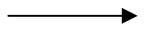
In the execution or accomplishment of the assigned job objective the employee demonstrated a manner of performance...

... matching or exceeding the description provided in the Enhanced benchmark descriptor(s).



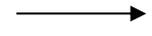
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... matching or exceeding the description provided in the Expected benchmark descriptor(s), but below that described by the Enhanced benchmark descriptor(s).



0

... below the description provided in the Expected benchmark descriptor(s).



-1



Contributing Factors: Special Situations

- A job objective rating of 1 cannot be adjusted
- A job objective rating of 2 cannot be adjusted down
- A job objective rating of 5 cannot be adjusted up



The Rating Process

